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C O N F I D E N T I A L SECTION 01 OF 02 OTTAWA 001455

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SUBJECT: CONSERVATIVES TO PURSUE NARROW AGENDA IN 40TH
PARLIAMENT

REF: OTTAWA 1452

Classified By: PolMinCouns Scott Bellard, reason 1.4 (d)

¶1. (C) Summary. The Conservative agenda that the government will lay out in detail on November 19 in the "Throne Speech" will almost exclusively focus on domestic remedies for the international economic crisis, according to senior Conservative staffers. It will -- of political necessity -- also include references to other issues such as crime and Afghanistan, while making clear that the government's overriding priority is to ensure to the best of its ability the financial well-being of Canadians. Dynamics within the 40th Parliament are likely to be more positive than in the last House of Commons, at least for the next year. Conservative delegates to a recent national policy convention appeared unified behind Prime Minister Stephen Harper and cognizant that the economy was Issue #1 for the foreseeable future. End Summary.

Focusing on the economy

¶2. (C) In a meeting with PolMinCouns on November 18, Conservative Research Group new Executive Director Jason Lietar and Acting Manager Joe Dow confirmed that the international economic and financial crisis was forcing the second Conservative government of Prime Minister Stephen Harper to focus almost exclusively on economic issues, as the "Speech from the Throne" will lay out in detail on November ¶19. The Conservatives have drastically scaled back earlier plans and campaign platform issues to push forward on additional law-and-order legislation, ongoing military modernization efforts, and Senate reform, they noted (although there will be references to these secondary priorities nonetheless). Lietar commented that PM Harper had returned from the G-20 Summit in Washington "sobered" by what he had learned of the extent of the problems, and had made clear to his Cabinet that the economy was not just issue #1 but really the only issue to work on, at least over the coming months. He added that the Canadian public simply would not now accept a House of Commons that engaged in partisan politics as usual, or a government that did not take noticeable, even dramatic steps to improve the economy and to protect Canadians as much as possible.

¶3. (C) The Fall Economic Statement -- which is likely to be the only motion that the Commons passes before rising for the Christmas holidays o/a December 12 -- will make clear the extent of Canada's share of world economic woes, Dow explained. While Canada will probably be able to avoid a budget deficit for FY 08, the FY 09 budget that the government will present in February may slip into deficit territory. Lietar commented that Canadians are probably willing to live with this in the short-term, but longer-term structural deficits remain unthinkable to most Canadians, especially in the Conservative base. He added that the Prime Minister had made clear to his Cabinet that budget cutting within their departments should be a top priority for all Ministers.

Getting along

¶4. (C) Lietar and Dow agreed that dynamics within the new Commons appeared poised to be much more positive than in the 39th Parliament, mostly due to shared concern about the economic situation, but also due to the Liberals' self-imposed political limbo (reftel) until the selection in May 2009 of a new Liberal leader. They predicted that committee deliberations would likely be more productive than over the previous many months, while noting that the opposition parties would sooner rather than later inevitably slip back into political posturing, including on "old" scandals such as the Conservatives' "in-and-out" financing of the 2006 election and former Conservative Prime Minister Brian Mulroney's financial dealings with a controversial lobbyist. They nonetheless expressed a high probability that the Conservatives would face no threat of a new election until at least fall 2009, and quite possibly into 2010.

Placating the base

¶5. (C) Delegates to the November 13-15 Conservative Party national policy convention in Winnipeg endorsed PM Harper's steady leadership and plans to focus on the economy, according to Lietar, who attended. He expressed relief that the Conservative leadership had succeeded in avoiding public debates about more divisive policy issues such as opposition to same sex marriage and abortion, and in maintaining instead attention on responsible governance. He commented that many

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of the 3,000 delegates care deeply about these "fringe" issues, often inherited from the Reform/Alliance parties that pre-dated the reorganized Conservative Party of Canada. Giving some voice to these core constituencies, while keeping these voices muted, is an ongoing challenge for the CPC leadership, Lietar noted. He added that the task was easier this time around due to a shared cognizance of the global crisis, which caused PM Harper to leave the convention early in order to attend the G-20 Summit.

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